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Profile of a Bank and Bank Holding Company Chief Executive Officer

Findings of a study of the chief executives of banks with deposits of $300 million or more and of the nation's 100 largest bank holding companies.

About Heidrick and Struggles

As one of the largest and most experienced management consulting firms specializing in executive search, Heidrick and Struggles has worked in all functions and within every major industry. Men and women sought in behalf of client organizations range from candidates for the board of directors and chief executive officers to middle management.

Heidrick and Struggles provides access to leading executive markets here and abroad through offices in major business centers around the world. The seasoned, skilled and sensitive men and women of the firm's professional staff have had extensive management experience prior to entering consulting. These search consultants welcome the challenge of developing optimum solutions to client problems. The staff is supported by the search industry's most extensive research and planning function, the product of more than 25 years of gathering and analyzing data on industries, companies within industries and both sources and prospects within companies.

About This Study

This is the fourth in a series of profiles of the banking industry that have been conducted by Heidrick and Struggles since 1963. The first and second studies were limited to the presidents of the nation's 300 largest banks. The 1974 study added presidents of the 100 largest bank holding companies. This year's study was mailed to chief executive officers, rather than presidents, of 341 American banks with deposits of $300 million or more as of December 31, 1978. Also surveyed were CEOs of 98 of the nation's 100 largest bank holding companies. (Two of the top holding companies in the most recent ranking had since been acquired by other organizations.) One hundred seventy seven of these executives, or 40 percent, responded in time to be included in the results.

As in past studies, the responses have been divided to reveal the influence of certain factors on the results. Where appropriate, the findings have been compared with results obtained in earlier banking studies.

Heidrick and Struggles is grateful to the chief executive officers who devoted their time to make possible the findings which follow.

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Brief Profile

The following emerges as a statistical profile of the chief executive officer of a major bank or bank holding company.

Present Position

Title:
At the bank he is president and chief executive officer. At the holding company he is chairman and CEO.

Most attention currently:
General management of his institution is his primary concern.

Most helpful experience:
Commercial banking was not only his route to the top, but the most helpful area to prepare him for the role as CEO.

Time allocation:
He spends 50 or more hours weekly on business and another seven or eight hours each week on civic and charitable affairs.

Compensation

Total cash compensation:
The bank CEO receives $100,000 to $149,999 in salary and bonus, while the holding company chief executive receives $200,000 to $299,999.

Perquisites:
He enjoys such perks as town and country club membership, an automobile and stock options.

Career Progress

Mobility:
He has had two employers.

Tenure:
The bank CEO has been with his present institution for 18 years, and his holding company counterpart for 13 years.

Years as CEO:
The bank CEO has held his position for seven years, and the holding company CEO for five and a half years.

Most extensive background:
The CEO rose through the ranks of commercial banking.

Personal

Age:
The bank chief executive is 53, while his holding company counterpart is 57.

Geographic mobility:
He still resides in the region of his birth.

Education

Undergraduate:
Liberal arts major.

Graduate:
MBA

The Future

In the decade of the Seventies, the chief executive became a more visible, public figure coping with increasing regulation and intensified domestic and foreign competition. He sees these pressures continuing in the Eighties, forcing him to plan more effectively. He intends to defend his institution from encroaching regulation and intensified competition, while containing costs to preserve profits.

Location

Leading banks and bank holding companies are broadly distributed geographically. The major shift from 1974 is an increase in Eastern-based holding companies, with a corresponding drop in the number located in the South.

Location	All Banks	Banks by Size			All Holding Companies
		$1 billion and over	$500 to $999MM	Under $500MM	
East	30%	26%	34%	31%	38%
Midwest	24	24	16	31	30
South/Southwest	34	32	32	36	21
West	12	18	17	2	11
	100%	100%	100%	100%	100%

Title

Chairman is the title of a majority of the CEOs at holding companies and billion-dollar banks, while the preponderance of those with smaller banks hold the title of president. Sixty-two percent of the bank CEOs report that their bank has a parent holding company. Of that group, 81 percent are officers of the parent and three fourths are directors.

Seventy-four percent of the holding company CEOs are chairman of the primary bank, while another 18 percent hold the title of president, and eight percent are chairman and president or vice chairman.

Title of CEO	All Banks	Banks by Size			All Holding Companies
		$1 billion and more	$500 to $999MM	Under $500MM	
Chairman	36%	63%	27%	23%	60%
Chairman and President	16	11	14	19	17
President	46	23	59	56	21
Other	2	3	—	2	2
	100%	100%	100%	100%	100%

Years as CEO

Just over half of the bank CEOs have held their present position for five years or less, compared to nearly seven in 10 of 1974's bank presidents. This increase in incumbency is even more pronounced among holding company CEOs. Fifty-four percent of them have held office for five years or less, compared to nearly nine in 10 in the previous study.

The chief executives of smaller banks have held office slightly longer than their counterparts at larger institutions.

Years as CEO	All Banks		Banks by Size (1979)			All Holding Companies	
	1974*	1979	$1 billion and over	$500 to $999MM	Under $500MM	1974*	1979
5 or fewer	69%	54%	62%	55%	46%	89%	54%
6 to 10	21	32	27	32	37	11	37
11 or more	10	14	11	13	17	—	9
	100%	100%	100%	100%	100%	100%	100%
Average	N/A	6.9	5.8	6.1	8.3	N/A	5.4

*Years as president

Career Mobility

The majority of the chief executives have had no more than two full-time employers during their business careers. Two thirds of the holding company chiefs have had fewer than three employers. CEOs with the largest banks are much more mobile than the presidents were five years ago. In 1974, 41 percent of those with only one employer were associated with billion dollar banks. CEOs of such large institutions now account for about one in five persons having had a single employer.

Holding company CEOs illustrate less mobility than was true of presidents in 1974. Thirty-four percent of today's CEOs have had three or more employers, compared to 38 percent in 1974.

Twenty-one percent of the bank chief executives have made no interorganizational moves, a decline of 15 percent from the 1974 study.

	All Banks		Banks by Size (1979)			All Holding Companies	
Number of Employers	**1974**	**1979**	**$1 billion and over**	**$500 to $999MM**	**Under $500MM**	**1974**	**1979**
One	36%	21%	19%	21%	23%	35%	33%
Two	31	37	44	48	27	27	33
Three	19	23	19	18	27	23	15
Four	8	11	5	5	17	9	13
Five or more	6	8	13	8	6	6	6
	100%	100%	100%	100%	100%	100%	100%
Average	N/A	2.5	2.5	2.3	2.6	N/A	2.3

More than one third of today's bank CEOs have been with their present institution for 10 years or less, contrasted with about one fourth of the bank presidents five years ago. The chief executives of banks have longer tenure with their institutions than is true of their holding company counterparts. The bank CEOs average 18 years, while the holding company chief executives average 13. This difference is attributable in part to the relatively recent formation of some of the holding companies in the study.

	All Banks		Banks by Size (1979)			All Holding Companies
Years with Present Employer	**1974**	**1979**	**$1 billion and over**	**$500 to $999MM**	**Under $500MM**	**1979**
5 or fewer	17%	22%	21%	21%	25%	14%
6 to 10	9	14	8	16	17	46
11 to 15	14	9	16	8	4	16
16 to 20	17	9	8	13	6	4
21 to 25	13	15	29	13	8	2
26 to 30	15	17	8	16	23	7
31 or more	15	14	10	13	17	11
	100%	100%	100%	100%	100%	100%
Average	N/A	18.1	17.7	17.4	18.8	13.3

The bank chiefs' 18-year tenure is four years less than the average of CEOs of the FORTUNE 500 industrials and 300 largest non-industrials surveyed in 1977.

Experience

Seventy-four percent of the bank chief executives rose to the top via commercial banking. In 1974, 68 percent of the bank presidents cited commercial banking as their route. No other area of past experience is cited as most extensive by more than seven percent of the bank CEOs. Non-banking experience is specified by 17 percent of the CEOs of billion dollar banks, but by less than 4 percent of the CEOs of smaller institutions.

Two thirds of holding company heads rose through commercial banking, 18 percent through other areas of banking and 15 percent from outside the industry.

Commercial banking was the overwhelming choice of both bank and holding company CEOs as most helpful experience. Seventy-two percent of the bank CEOs and 64 percent of those with holding companies cited commercial banking experience as most helpful. Marketing and business development experience, reported by 35% of bank CEOs, ranked second in importance, while branch management and operations/systems experience were ranked of nearly equal importance among bank chiefs.

Among holding company chief executives, commercial banking is followed in importance by experience in marketing and business development. Other experience, including that outside the banking industry, was cited as most helpful by nearly one fourth of the holding company participants.

Most Helpful Experience Before Becoming CEO	All Banks	Banks by Size			All Holding Companies
		$1 billion and over	$500 to $999MM	Under $500MM	
Commercial banking	72%	58%	76%	79%	64%
Marketing	35	37	32	35	34
Operations/systems	28	16	34	33	17
Branch management	26	26	21	31	24
Bank investments	17	5	21	23	6
Personal banking	12	3	21	14	11
Other	13	11	13	14	23

(multiple mentions, do not add to 100%)

Areas Demanding Most Attention

General management represents the area demanding the greatest attention from current participants as has been true in past studies. The only other area mentioned by more than half is planning, cited by 60 percent of the holding company CEOs and by nearly half of the bank chiefs. Commercial banking consumed more time of CEOs at smaller banks than of their counterparts at billion dollar institutions. Holding company CEOs more often mention acquisitions and regulatory concerns.

Planning and public and community relations require more time than ever before. But the list of demands continues to expand. This reflects the changing role of the chief executives, who now are concerned not just with operations but with the impact of governmental and societal pressures on their institutions.

Areas Demanding Most Attention	All Banks	Banks by Size			All Holding Companies
		$1 billion and over	$500 to $999MM	Under $500MM	
General management	79%	74%	87%	77%	83%
Planning	49	45	55	48	60
Commercial banking	34	26	40	35	13
Community and public relations	30	24	24	39	26
Marketing	17	13	13	23	4
Regulatory agencies	12	16	13	8	21
Acquisitions	9	5	13	8	23

(multiple answers, do not add to 100%)

Hours per Week

The increasing complexity and demands of corporate leadership are reflected in the hours chief executives devote to managing their institutions. Fifty-three percent of those with holding companies and 36 percent of those with banks spend 60 or more hours. The holding company CEOs average 55 hours per week, while the bank chiefs average 54 hours. Chief executive officers of the FORTUNE 500 industrials and 300 non-industrials surveyed in 1977 averaged 60 hours. Time devoted to work rises with size of the institution; the most time (56 hours/week) is required of CEOs at billion dollar banks.

Thirty-six percent of the bank CEOs devote 60 or more hours, compared to 32 percent of the presidents in 1974. Fifty-three percent of the holding company chiefs report working 60 or more hours weekly, compared to only 26 percent of the holding company presidents five years ago.

Bank and holding company officers have historically been deeply involved in community affairs. This year's CEOs average just over seven hours weekly in such activities, with chiefs at the very largest banks spending eight hours. In spite of their responsibilities, the holding company CEOs devote slightly more time to community and charitable organizations than do their bank counterparts.

Hours Worked per Week	All banks		Banks by Size (1979)			All Holding Companies	
	1974	1979	$1 billion and more	$500 to $999MM	Under $500MM	1974	1979
40-49	13%	21%	16%	21%	23%	18%	17%
50-59	55	43	37	53	40	56	30
60-69	25	32	40	24	35	21	46
70 or more	7	4	8	3	2	5	7
	100%	100%	100%	100%	100%	100%	100%
Average work hours/week	N/A	54	56	53	53	N/A	55
Ave. community service hours/week	N/A	7	8	6	7	N/A	7

Number of Outside Directorships

The increasing demands of managing their own institutions and the spectre of conflicts of interest have combined to minimize outside directorships held by surveyed chief executives. Just over half of the bank CEOs serve on two or more outside boards, while nearly three fourths of the holding company chief executives are on two or more outside boards. However, in 1963 the majority of presidents at the nation's 300 largest banks were members of four or more outside boards, and 20 percent served on seven or more.

The CEOs of holding companies and billion dollar banks are more likely to serve on outside boards than are chiefs of smaller organizations. However, the proportion of bank chief executives holding no outside board posts continues to rise at institutions of all sizes. Forty-four percent of the bank CEOs report they are now on fewer boards than five years ago, while 49 percent of those with holding companies still serve on the same number of boards.

Number of Outside Directorships	All Banks		Banks by Size (1979)			All Holding Companies	
	1974	1979	$1 billion and more	$500 to $999MM	Under $500MM	1974	1979
None	21%	32%	28%	32%	33%	17%	11%
One	16	17	14	16	20	11	18
Two	22	15	14	14	17	23	29
Three	17	11	3	14	16	14	18
Four or more	24	25	41	24	14	35	25
	100%	100%	100%	100%	100%	100%	100%
Average	N/A	2.2	2.6	2.1	1.9	N/A	2.4

Changes During the Seventies

Participants cite six primary ways in which the role of the chief executive officer changed during the Seventies from the previous decade. More regulatory pressure and more direct involvement in bank management were listed by more than four in ten of the holding company CEOs, while regulatory pressure is cited by a majority of the bank chiefs. Five years ago, approximately one fourth of the bank and bank holding presidents predicted that most of the pressure for change would come from federal regulations, the continued growth of bank holding companies and increased competition from thrift institutions. Such pressures have prompted the chief executives of both banks and holding companies to become more involved in government interface and to intensify their direct involvement in bank management.

The bank chief executives' perception of how their role changed varies by size of institution. Competitive pressure was a significant factor for those with the smallest banks, while representatives of larger institutions felt more impact from non-competitive factors.

	All Banks	Banks by Size		
Factors that Increased		**$1 billion and over**	**$500 to $999MM**	**Under $500MM**
Regulatory pressure	57%	59%	59%	52%
Planning required	30	36	35	24
Social and political responsiveness	23	36	24	14
Competition	20	5	6	41
Direct bank management involvement	13	14	18	10
Personnel management demands	12	18	12	7

(multiple answers, do not add to 100%)

Anticipated Changes in the Eighties

Surveyed chief executives anticipate the coming decade will bring a continuation of present trends, rather than dramatic changes. Many foresee their role increasingly concerned with long range and strategic planning, together with regulatory pressures. While a significant number anticipate getting more directly involved in the political process, such involvement is specified most frequently by holding company CEOs.

Many foresee concentrating on controlling costs and maintaining profitability rather than concerning themselves with expansion. The chiefs view increasing regulation as limiting the number of competitive options open to the banks and bank holding companies, thus forcing them to improve their existing operations while intensifying planning efforts to anticipate rather than react to change.

	All Banks	Banks by Size			All Holding Companies
Factors to Increase		**$1 billion and over**	**$500 to $999MM**	**Under $500MM**	
Planning	44%	48%	37%	46%	35%
Regulatory changes	30	26	37	29	25
Involvement in regulatory process	21	35	11	17	45
Competition	18	13	32	14	5
Social and political awareness	17	30	11	9	15
Personnel management	17	22	16	14	10
Responsiveness to changing environment	15	13	21	14	10
Foreign competition	8	13	—	9	5
Interstate banking	6	9	—	9	10

(multiple answers, do not add to 100%)

Total Cash Compensation

Predictably, the increasing complexity of banking and resulting competition for top executive talent have increased the compensation levels of bank and holding company CEOs. Nearly two thirds of the CEOs of billion dollar banks earn $150,000 or more. As would be expected, those CEOs with the largest banks have higher compensation levels; no CEO of a bank with deposits under $500 million earned as much as $150,000. In the 1974 survey of bank and bank holding company presidents, 54 percent of those with holding companies and 78 percent of those with banks reported total cash compensation of less than $100,000.

	All Banks	Banks by Size			All Holding Companies
Total Cash Compensation		**$1 billion and over**	**$500 to $999MM**	**Under $500MM**	
Under $70,000	5%	3%	3%	10%	—
$70,000-99,999	25	—	24	43	—
$100,000-149,999	44	32	55	47	11%
$150,000-199,999	17	47	8	—	24
$200,000-299,999	6	13	8	—	46
$300,000 and over	2	5	3	—	20
	100%	100%	100%	100%	100%

Perquisites

Town and country club memberships and a company car are the only perquisites received by a majority of CEOs, and the proportion accorded town club memberships and stock options has declined since the 1974 survey of bank and holding company presidents. CEOs of holding companies and billion dollar banks are more likely to receive performance shares than are their counterparts at banks with deposits under $1 billion. Nearly twice as many CEOs of banks with deposits of $500 million or more report having a management contract as do CEOs of those with the smaller banks or holding company chiefs.

	All Banks		Banks by Size (1979)			All Holding Companies	
Perquisites	**1974**	**1979**	**$1 billion and over**	**$500 to $999MM**	**Under $500MM**	**1974**	**1979**
Automobile	69%	84%	82%	92%	80%	72%	59%
Town club membership	82	72	71	77	69	83	78
Country club membership	70	72	71	68	74	64	65
Stock options	48	45	66	29	39	59	57
Management contract	N/A	13	16	16	8	N/A	9
Performance shares	N/A	9	16	5	8	N/A	15
Automobile with driver	20	6	13	5	2	19	30
Financial counseling	4	3	3	3	4	3	9
Tax shelter opportunities	2	2	—	5	2	3	2
Town apartment	2	1	3	—	—	2	2

(multiple answers; do not add to 100%)

Age

The majority of holding company CEOs and their bank counterparts are in their fifties. On average, holding company chief executives are the oldest, and those with the smaller banks, the youngest. At 57, the average age of holding company CEOs is five years more than that of holding company presidents surveyed in 1974. The bank CEOs average 53 years, two years senior to bank presidents surveyed five years ago. This reverses a long-term decline in the age of bank presidents. The average age of CEOs among the FORTUNE 500 industrials and 300 non-industrials surveyed in 1977 was 57.

	All Banks		Banks by Size (1979)			All Holding Companies	
Age	1974	1979	$1 billion and more	$500 to $999MM	Under $500MM	1974	1979
30-39	4%	3%	3%	3%	4%	6%	—
40-49	37	29	18	39	31	33	13%
50-59	51	54	61	50	52	43	60
60 or older	8	14	18	8	13	18	27
	100%	100%	100%	100%	100%	100%	100%
Average age	51	53	55	52	52	52	57

Education

Ninety-one percent of the holding company CEOs are college graduates, as are 86 percent of the bank chiefs. Chief executives of billion dollar banks have the highest educational credentials: 45 percent hold an advanced degree and another 21 percent have done some post graduate study. An MBA is by far the most popular graduate degree. Fifty-five percent of the bank CEOs and one third of the holding company chiefs with a graduate diploma hold an MBA. Liberal arts is the undergraduate major of approximately 51 percent of the CEOs. Business majors make up about one third of the total, while sciences account for the remainder.

Harvard far surpasses all other colleges and universities in number of degrees awarded bank and bank holding company chief executive officers. The same was true in past banking studies. Thirty-one percent of the holding company CEOs and 16 percent of the bank chief executives are Harvard alumni.

	All Banks		Banks by Size (1979)			All Holding Companies	
Highest Educational Attainment	1974	1979	$1 billion and over	$500 to $999MM	Under $500MM	1974	1979
High School	3%	5%	3%	—	10%	2%	—
Attended college, no degree	12	9	8	14%	4	12	9%
Bachelors degree	41	30	24	30	35	35	49
Attended graduate school, no degree	16	23	21	22	25	14	13
Advanced degree	28	34	45	35	27	37	30
	100%	100%	100%	100%	100%	100%	100%

Publications

The firm's original research on trends in management is shared with the business community at large. A complete list of Heidrick and Struggles publications appears below. Single copies are available upon written request to our nearest office.

The Changing Board (1979 Update, 1978 Update, 1977)

Profile of the Board of Directors (1971, 1966)

Profile of a Chief Executive Officer (1977)

Profile of a President (1972, 1967, 1962)

Profile of a Bank and Bank Holding Company Chief Executive Officer (1980)

President Profile, Bank and Bank Holding Company (1974)

Profile of a Bank President (1969, 1963)

Profile of a Woman Officer (1979, 1978, 1977)

Profile of a Black Executive (1979)

Chief Personnel Executives Look at Blacks in Business (1979)

Profile of a Chief Financial Officer (1975, 1970, 1965)

Profile of a Chief Personnel Executive (1977)

Profile of a Chief Marketing Executive (1976, 1971, 1966)

Profile of a Chief International Officer (1975, 1970)

Profile of a Chief Research and Development Executive (1978, 1973, 1968)

Profile of the Bank Chief Executive in Great Britain (1973)

Profile of the British Board of Directors (1972)

Profile of the Chief Financial Officer in Great Britain and His American Counterpart (1976)

Profile of a Canadian President (1973)

Profile of the European Chief Executive and His American Counterpart (1969)

Profile of the European Personnel Director (1976)

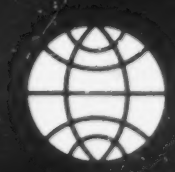
Profile of the Chief Executive Officer in Mexico (1977)

Profile of a Mobile Executive (1977)

Executrend—Measuring the Executive Market (originated in 1954, issued semi-annually)

Director Data—A report on outside director selection practices (originated in 1976, issued annually)

The Search For Management—Services of an executive recruiting firm



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